

--- THE PLUG TOBACCO STAMPS ---

“Canadian Revenue Newsletter” - No. 50 – of September 2005 - by Chris Ryan

“On April 1st 1935 the contract from Revenue Department stamps was transferred from the American Bank Note Company (ABN) back to the British American Bank Note Company (BABN). However, ABN continued to deliver selected tobacco stamps in April and May of that year. The remainders held by ABN were destroyed on August 19th 1935.”

“As noted previously, the standard packaging of ‘pressed tobaccos’ had, by 1935, diminished in size to a range of 1 to 5 pounds. By 1941, the 1, 2 and 3 pound packages had become by far the most common. As a result, the need for a multitude of ‘coupon stamps’ gradually declined. The process of replacing these stamps began circa October / November 1935 with the introduction of new ‘plug tobacco’ stamps in the ½ and 1 pound denominations. Later, circa April 1st 1938, additional denominations of 1½, 2, 2½, 3 and 3½ pounds were added to the set. In 1938, the Revenue Department had considered issuing ‘plug tobacco’ stamps in higher denominations but elected to continue with the existing ‘coupon stamps’ due to the low demand for larger packages. Once this decision had been finalized, BABN produced a 5 pound Series C ‘coupon stamp’ in April of that year.”

“After 1938, the demand for ‘coupon stamps’ plummeted. An examination of Revenue Department correspondence with various tobacco companies and revenue officers in 1938 indicates that 1, 5, 10, 15, 20, 35, 40 and 60 pound ‘coupon stamps’ were still in use. However, by the fiscal year 1941/42 only the 1, 5 and 60 pound denominations were in demand by tobacco companies. Furthermore, the distribution figures for 1941/42 show that these few remaining denominations had been reduced in importance to a small fraction of the stamps used for ‘pressed tobaccos’.”

“When the excise duty was supplemented by an excise stamp-tax in late June 1942, tobacco manufacturers were given permission to surcharge their existing stocks of duty-stamps with the amount of the new tax rate of one cent per ounce or fraction thereof in a package. Shortly thereafter, manufacturers purchased stamps on which the tax had already been surcharged by BABN.”

“When the excise stamp-tax was doubled in March of 1943, manufacturers were again permitted to revalue stamps on hand with the new amount of tax. These stocks were followed by stamps re-valued by BABN, and finally by printings with the 1943 tax rate.”

“The manufacturer and BABN surcharges that exist for both 1942 and 1943 will be detailed elsewhere. One particular situation that will be discussed here is **RM-414** - the BABN **33¢ / EXCISE TAX** surcharge on the 2 pound stamp. This item is an example of what at first glance appears to be an anomalous situation: 2 pound ‘plug tobacco’ stamps surcharged as if the packages to which they were affixed contained up to one extra ounce.”

“During the early-1940s, Imperial Tobacco was producing two of its twenty-one brands of ‘pressed tobacco’ in two sizes of individual plugs, smaller plugs (e.g., one-ninth pound) for eastern Canada, and larger plugs (e.g., one-eighth pound) for western Canada. Both of these special brands were also sold in 1 and 2 pound packages for a total of eight items. A comparison of the wholesale and retail prices for these items indicates that western consumers were paying slightly more per package than their eastern counterparts for supposedly identical weights of tobacco, while there was no east-west price variation for the remaining nineteen brands. It is surmised by this writer that the different sizes of individual plugs produced what was in fact a slightly greater weight of tobacco in the western packages, and therefore a slightly higher amount of excise tax. This was apparently despite the higher cost associated with smaller units.”

To me it seems more likely that Imperial having an ‘on-hand’ surplus of 1/9 pound eastern plugs packed some of these western packages with fourteen 1/9 pound, and four 1/8 pound plugs. Thus 2 and 1/18th pounds per package - which is nearly one ounce over-weight - and thus 1 cent additional excise tax. [JBH]

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